

VBH BOT FYI Legal

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Sent: Wednesday, August 11, 2010 5:14 PM  
To: Dolores Trandel  
Cc: Sarah Kenney  
Subject: VBH BOT FYI Legal

## Foreclosure suit hits Prairie Stone retail project

By: Eddie Baeb and Angela Evans August 11, 2010

(Crain's) – A seven-acre retail development in the Prairie Stone complex in northwest suburban Hoffman Estates has been hit with a \$15.8-million foreclosure lawsuit, another sign of the retail market's wipeout.

The project's loan has been in default since January, when the developer, a venture of San Francisco-based United Growth, stopped making payments, according to a complaint filed by the lender, Creve Coeur, Mo.-based First Bank.

The project, at the northwest corner of State Route 59 and Columbine Boulevard, has had trouble since at least November 2008, when Minnetonka, Minn.-based barbecue chain Famous Dave's of America Inc. announced it was backing out of a ground lease for a restaurant there.

Today, there's a Sports Authority, a detached, small-shop building with four tenants and three vacant spaces, and a third building that's entirely empty. It's unclear whether the third building was for Famous Dave's or another tenant.

First Bank's lawsuit, filed July 15 in Cook County Circuit Court, says the bank is owed about \$14.9 million in principal and \$900,000 in interest and late fees. The suit includes two United Growth executives as defendants, CEO John Walsey and partner Stuart Kahn, and says they provided personal guarantees for the debt.

Messrs. Walsey and Kahn didn't return voicemail messages left Tuesday. Calls to First Bank, which provided the United Growth venture a \$15.4-million loan in October 2007, and its lawyer in the matter weren't returned.

United Growth venture UG Prairie Stone L.P. bought the site from Sears Holdings Corp. in December 2006 for about \$6.12 million, or roughly \$20 a square foot. A source familiar with the matter says that was about the richest price paid to Sears as the retailer carved up and sold off much of the land surrounding its sprawling headquarters campus there.

A 41-acre Target Corp.-anchored retail project just to the north developed by Goldman Sachs' Archon Group has fared better, though it lost a Linens 'N Things store when that chain went out of business, and a Cost Plus world Market also shut down early last year as the retailer pared stores nationwide.

The Cost Plus may reopen, though. The Daily Herald reported in late June that the retailer was applying for a liquor license and could return this fall.

United Growth seems unlikely to have such luck with Famous Dave's. UG Prairie Stone sued Famous Dave's in February 2009 in Cook County Circuit Court, alleging breach of contract over the restaurant chain backing out of the lease. UG Prairie Stone was to collect \$2.48 million in base rent over a 15-year lease Famous Dave's signed in April 2008, according to the complaint.

Famous Dave's had the case moved to federal court, where the restaurant countersued, and the matter was settled in September 2009, according to a judge's order dismissing the case. Terms of the settlement weren't disclosed, and lawyers in the matter didn't return calls.

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<http://www.chicagobusiness.com/article/20100811/CRED03/100819981/foreclosure-suit-hits-prairie-stone-retail-project>

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